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State of Utah

Department of
Environmental Quality

Richard W. Sprott
Executive Director

DIVISION OF WATER QUALITY
Walter L. Baker, P.E.
Director

JON M. HUNTSMAN, JR.
Governor

GARY HERBERT
Lieutenant Governor

December 4, 2007

CERTIFIED MAIL
(Return Receipt Requested)

Mr. Bruce Hill, President & CEO
UtahAmerican Energy, Inc.
6750 North Airport Road
P.O. Box 902
Price, UT 84501

Dear Mr. Hill:

Subject: Third Payment Invoice for Salinity-Offset Program Funding Agreement, UPDES Permit Nos. UT0025674 - Centennial Mines; UT0024368 - Crandall Canyon Mine; and UT0025640 - West Ridge Mine.

Attached please find the third invoice regarding the Salinity-Offset Program Funding Agreement for the above referenced UPDES permits. As you are aware, the UtahAmerican Energy, Inc. (UEI) mine facilities, as referenced above by their respective UPDES Permits, are required to participate in and fund a salinity-offset program to compensate for the amount of salinity discharged from each facility which is above the one-ton/day permit limits.

With the Salinity-Offset Program Funding Agreement in place and the first two payments, of four total payments received essentially on schedule, the third payment from UEI is to be made in accordance with the payment schedule as outlined in paragraph 2 of the Funding Agreement. The third payment of \$250,000.00 is due on or before January 31, 2008. Therefore, please remit the full invoice amount by January 31, 2008 to:

Department of Environmental Quality
Division of Water Quality
Attn: Nicole Carrell
P.O. Box 144870
Salt Lake City, UT 84114-4870

Please be sure to include the invoice number with you remittance.

Incoming
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@015/0032 dx
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DIV. OF OIL, GAS & MINING

Your continued efforts to remain in compliance with the provisions of your UPDES Permits are appreciated. If you have any questions, please contact me at (801) 538-6779, or by e-mail at jstudenka@utah.gov.

Sincerely,



Jeff Studenka, Salinity Coordinator
UPDES IES Section

Enclosure

cc (w/o Encl.): Jennifer Meints, EPA Region VIII
 Laura Lockhart, Office of the Utah Attorney General
 Claron Bjork, SE Utah District Health Department
 Dave Ariotti, DEQ District Engineer
 Pam Grubaugh-Littig, Utah Division of Oil Gas & Mines
 Mark Quilter, Utah Department of Agriculture and Food
 Robert King, Utah Division of Water Resources
 Jack Barnett, Colorado River Basin Salinity Control Forum
 Dave Shaver, UEI Centennial, Crandall Canyon, and West Ridge Mines
 Mike McKown, Murray Energy Corp.
 Robert Moore, Murray Energy Corp.